Transcript for CPA Australia Podcast Episode 11 – Budget 2017: Highlights

Stuart Dignam: Welcome to the CPA Australia podcast, episode 11, Winners and losers of budget 2017. My name is Stuart Dignam, I am a general manager here at CPA Australia. With us today is Paul Drum, head of policy at CPA Australia. Hi Paul.

Paul Drum: Hi Stuart, good to join you.

Stuart Dignam: We're talking budget 2017 and we're going to deep dive into a lot of the initiatives that have been outlined in Scott Morrison's second budget. But why don't we start with a bit of an overview of how our economy is forecast to grow or not over the coming years.

Paul Drum: Sure, well, you know, what the treasurer’s outline, Stuart, is that the Australian economy is now on a path to return to surplus by 2020, 2021. We've got a deficit of 29 billion in the 17, 18 budget. But as I said, over the next three years we're gonna get back to return to surplus, and then they're predicting a underlying cash balance surplus in the out years, right up to 2027, 2028. It's a pretty optimistic projection, unemployment is expected to have peaked at the current rate of 5.75%, it's expected to fall to about 5.5% in 2018, 2019. And then to 5.25% in 2020, 21. It's coming down marginally.

Inflation is meant to increase slightly. 2% this year, over the next couple of years going up to about 2.5%. So, there are some of the headline numbers, employment, inflation and the projections with the budget. But of course, a budget relies on projections and in some ways, I guess the real question is, the question on the night and the question for us is, have the projections and the details that are fed into the budget, are they overly optimistic or not?

Stuart Dignam: That’d be your heroic assumptions I’m assuming.

Paul Drum: Well that's one way of putting it, but you know, budget's are predicated on a number of things domestically and internationally. So, in treasurer Scott Morrison’s speech he talks about the continued economic recovery of the world economy, he talks also about Australia's almost miraculous transformation, from an economy that is relying very heavily on the mining investment, heavy capital mining investment. How that is tapered right off, but how there's been very very strong recovery in the non-mining sector. This is of quite some interest, because it was only two or three years ago, when Martin Parkinson, the secretary of the treasury, they talked about the structural adjustment that needed to happen.

I guess from a personal perspective, I think the Australian economy has continued to surprise even the best economists at how well it is turning around in that regard. But having said that, the government is predicting in this budget, that we're gonna have ongoing growth in Australia of about three percent per annum in the out years. Three percent is very strong growth. If we can achieve that, that's great. But it does rely on a lot of factors. It relies on the continued performance of the world economies. It means that we're relying still very heavily on the Chinese economy and their demand for our commodities, in particular. It means that that non-mining sector needs to continue to grow as well. So there is quite a lot at stake, the figures are optimistic, but the treasurer's gone quite out of its way to paint a very positive picture of the future, that's quite different to say Joe Hockey's budget of two years ago.

Stuart Dignam: We've talked a lot about in the past, this notion that Australia is a lucky country. That maybe there's this element of complacency in our economy and how no matter what happens, things will work out okay. Is there a sense that we're reverting back to that sentiment, that we're a lucky country and the world will kick on and we'll be dragged along with the world?

Paul Drum: Well, you know, in a sense. I don't think exclusively that that's the correct picture or the correct perception. To think that we can recover domestically, it is a global economy now. So we do have to bank a bit on that economic recovery in a global sense, that we can't just do it all on our own so one would hope that it's not just false optimism, and as I said some of the numbers and stats about the economic transformation that has happened domestically. Even though we are an exporting country, raw materials have been the backbone of much of our economy for many, many years, but services are on the rise. You know, there's a lot going on. We'd hope that it's not just this false hope that the world economy will recover and they'll drag us along, that we're actually doing some of the heavy lifting ourselves.

Stuart Dignam: So, we'll get to some of the initiatives that are gonna make all of this happen, in a moment. Perhaps we could have a chat about some of the stuff that isn't happening, and that is holistic tax reform. Something that's near and dear to our heart. What's the story with GST receipts and with company tax receipts in this budget?

Paul Drum: Yeah, that's a very good question. I think one of the things that caught our attention in the lockup was how this budget is predicated on increased consumption and investment and certainly, increased corporate tax revenue. They're kind of stand out things in the budget, and are going to contribute to growing GDP and that three percent figure that I talked about before. But at the same time, the budget papers also reveal that GST revenue collections are meant to be down a little in the next year or two. Some of that I think is really reflecting the fact that while consumption, remember consumption is a key component of growing GDP. That while consumption is meant to be up, GST revenues are down. What does that say?

I think it's pointing to the fact that with the ageing population, that people's consumption patterns are changing from consuming items, to which the GST apply, to consuming items to which the GST doesn't apply, to GST free items, which might be like medical or health or a raft of other things. Changing consumer patterns, I guess, to us reinforcers, the need to revisit the fact about whether we actually have a sustainable tax base. Whether our tax mix is right, because on one hand, we've got a budget, saying we're going to have these ever increasing corporate tax revenues on the back of the growth, that I've talked about before.

GST revenue is tapering and it's only not so long ago that when we were looking at the tax white paper Stuart, that we were talking about the fact that we have an over reliance in Australia on income taxes, both at the individual level and also the company tax level. And certainly, we have an under reliance in the OECD and IMF have pointed this out to us for some years now. And under reliance on taxes on consumption and that that tax mix, not only is it out of kilter with other OECD countries and other developed economies, it actually seems to be getting worse rather than better. Certainly, I think, you know, no one was expecting this was a budget where we were gonna have major tax reform announced.

We weren't even expecting major tax cuts, certainly it's not a budget where we've seen major tax increases, unless you're a big bank. Although all Australians will be paying a bit more in Medicare levy from 2019, we can talk about some of those things in a minute. But it certainly amplifies and highlights again the fact that Australia's tax mix is not right, and we do need to get back and take on the elephant in the room, I guess.

Stuart Dignam: Yeah, so at some point we'll have to revisit, rethink.

Paul Drum: Yes, correct, that's right.

Stuart Dignam: Let's have a look at some of the initiatives as they've been outlined in the budget. You're in the lockup of course, so you're well versed and well immersed in all of the budget papers. Negative gearing, capital gains tax, what's happened there?

Paul Drum: I think some of the breaking news, you know, sometimes the breaking news is what's in the budget and sometimes it's not what's in the budget. But in the case of negative gearing and capital gains, you might recall that in the lead up to this budget, that there's a couple of things that were being pitched around, I don't know if they were being leaked by the government or otherwise, but certainly in the public conversation, there was a lot of discussion about housing affordability and that that was gonna be a big feature of this budget. Certainly the need for greater infrastructure, that was gonna be a feature.

Now, against that background, there was a lot of discussion and calls, again in the public domain, for the abolition or the winding back of negative gearing and or capital gains as it applied particularly to residential property. So, I think for the 1.4 million Australians, who have an interest in a rental property to hear that there will be no changes to negative gearing or capital gains tax, they will be breathing a sigh of relief. The government did not make any changes to negative gearing and capital gains tax for Australian residents. That means in the context of Australians and an ageing population, that those that have invested, those 1.4 million as I said. Those that have invested in property, their plan's about increasing their wealth, planning, increasing their retirement savings haven't been disturbed in that regard.

That's not to say there's no changes to property investment, but certainly I think that's been a big concern of many of our members and many of the public in general, even though as I said there is a cohort that said that it should be wound back. That was really the first thing that we noticed. I mentioned there's a couple of changes to investment in property though, Stuart. In that regard, the government did announce An integrity measure. That they were going to cut back from budget night or the day after the budget, to be more technically correct. They're gonna cut back on if you buy another rental property, you won't be able to claim travel to go and see that rental property.

There's changes to the depreciation of fixtures and fittings if you don't purchase those fixtures and fittings outright for the rental property. We can unpack that a little bit. There's a couple of moderate changes about new residential, rental properties bought going forward. But for those that are already in the market, no changes.

Stuart Dignam: There would be some sighs of relief from a range of investors, because they don't have a lot of other options really, do they?

Paul Drum: Well I think that's quite true, Stuart. I mean if you look at moms and dads, what are their options? Interest bearing deposits, playing on the stock market, buying, investing through manage funds, which are sensibly in the stock market or own property, property trust, or buying outright property. Now, it has been a store of value over many years, we were encouraging Australians to save for their retirement. We have a compulsory superannuation system, where the rules have been changed quite significantly. The biggest changes, still from the last budget, are going through in a couple of months, Stuart. We haven't put them to bed yet. Certainly people do look for something that is tangible. More tangible and property has been very popular over the last decade or so.

Stuart Dignam: Let's move to small business now. What's happening in the small business arena?

Paul Drum: I think in the context of new initiatives for small business, probably the stand out one, is the extension of the immediate write off, the $20,000 immediate write off for certain capital items, normally you'd depreciate them if you're a small business. It's an initiative that's been around for a couple of years. It was originally introduced when Bruce Billson was small business minister. We've since had Kelly O'Dwyer small business minister and

Michael McCormack now, and prior to the budget he gave, some overtures that they were looking to extend that.

This was a measure that was due to expire on the 30th of June this year. He kind of sounded out that he was keen, because of feedback that he'd had, that the government had had, that this was a measure worth keeping. Now CPA Australia on it's pre-budget submission, as you'd know Stuart, we submitted that, it is so important for small business and to encourage the engine room of the economy, as it's often referred to. The 3 million small businesses, 3.2 million small businesses that employ over 6 and a half million Australians, it's important to give them every incentive that they possibly can to make those businesses succeed.

Certainly this was a measure that we said should be part of the enduring tax landscape. The government haven't seen it this way. I'm not saying they didn't want to do it. They've extended it for 12 months, and I guess, taking into account fiscal imperatives and their desire to return the budget to surplus. It's, they've said, at this stage we're only extending it for 12 months. Interestingly, as you've pointed out yourself in the past, this is the second extension of the same measure, so it's a very popular extension of a measure. A measure that's really outlived three small business ministers at the moment. I wouldn't be surprised, I wouldn't rule out, that they may not be extended in the future.

Stuart Dignam: Possibly that the cap, which is $20,000. Could that be increased, should that be increased?

Paul Drum: Well, that's a good question too. Look, I think that there's quite a strong business case, again, we were talking before about the transition from the mining investment boom to the non-mining sector growth in the economy. I think if you look at some capital intensive industries, particularly agriculture or primary production more broadly. You don't get a lot of tractorfor $20,000. There are farm implements and other things that I think would be over the $20,000 cap. How many farm utes do you need to round up the sheep? But there are other things that are probably a bit bigger ticket item. We're not talking half million dollar tractors and headers, but certainly I think there is scope for certain sectors to have a higher write off cap and that's something, a case that we'll prosecute on behalf of business as we go forward.

I guess on the point of caps, it should also be mentioned that because of the change in definition of small business, from a $2,000,000 business to a $10,000,000 business, there's actually more businesses that can actually access that $20,000 now because of the other changes that have come through in the tax enterprise plan from the last budget. There's a few things just being delivered now that relate to last budget, that'll actually give more small businesses access to that immediate write off, which is a good thing.

Stuart Dignam: Let's move to health. Now we've all got an interesting health, health care. There was a range of initiatives around rebates and getting rid of the freeze and the AMA and others are pretty happy with that. What is this Medicare guarantee fund, that was on the night, that was all a bit obscure. What can you tell us about that?

Paul Drum: Yes, well, one of the announcements was, the government said, that they will establish a new Medicare guarantee fund as you just mentioned. The greens pointed out, that there's no new money here and that this is just merely accounting, it's a new way of accounting for what's already happening, and have been quite critical about it. But from our point of view, we think that this is an important initiative. Really what's important about it? It gets back] to accountability, Stuart. Now, we know that with an ageing population, that health and age care are two growing budget, expense line items. And certainly, I think the Australian public by and large, has been misled for the last 20 or 30 odd years, because most Australians, if you did a pub test, one of these so called tests, most would think that Medicare, the Medicare levy actually pays, covers the health bill. Whereas if you look at the 14, 15 budget figures, at the time Medicare levy was covering a little more than 20% of the total health bill. More recently the government have said that Medicare levy was covering less than half. And the rest of it is paid just out of general revenue. The other thing is, the Medicare levy itself has never been money that's been earmarked exclusively for health. It was a levy that just was rolled into general revenue, so it was used for whatever purpose the government saw fit at the time.

So, I think just from an accounting and an accountability point of view, it's important for the Australian public to know that the Medicare levy does not cover the health bill. The government's setting up a fund they'll put, now the Medicare levy will go exclusively to health, or the PBS, the NBS or the PBS schemes. It doesn't go to NDIS, that's separate. But certainly, we've got a much better picture about what Medicare levy is doing and what it's not doing and how much top-up is needed. And as I said, if you don't budget correctly and monitor your expenses, these things have a habit of getting out of control, and we think that this is a growing area as we've already said, and something that should be monitored, so that the Australian public have a better understanding of some of the challenges that the government is facing in this regard.

Stuart Dignam: The Medicare levy itself is up half a percent and ass I understand it, the deficit levy has gone for people paying that over a particular threshold, is that right?

Paul Drum: That's true. It's like one levy out and one levy in. It's not that, the symmetry is not that complete. For example, the deficit levy, I'll tackle them in reverse, Stuart. The deficit levy, which has run for three years, it was a Joe Hockey initiative back three years ago. It expires on the 30th of June this year. The Medicare, the new Medicare levy of half a percent, which will apply more broadly to a greater cohort of Australian tax payers. It comes in, but it doesn't come in until 2019, so that's what's happening with Medicare guarantee fund. It's gonna be accounted for better, yes there's going to the Medicare levy is increasing, but it's not until the 2019 year.

Stuart Dignam: Okay, let's tackle housing affordability. This was one of the most talked about areas of public policy in the lead up to the budget. The government was promising all sorts of solutions, it was gonna be a priority as the budget got closer. I suppose they were exiting that rethink a little bit, trying to downplay expectations. But there are quite a number of initiatives. How well have they tackled at the common wealth level, this issue of housing affordability?

Paul Drum: Look, on the housing affordability front, there's probably three main initiatives that really stood out, but there's more than three. There'd be half a dozen things that are all put together as a job lot if you like. Are they gonna make a difference? We'll have to wait and see. Some of them as standalone items won't make much difference at all, but the three that really stood out to me was that the government is establishing a new body to provide long term low cost loans to build new, affordable rental housing. They're proposing a tax cut on first home deposit savings, where first home buyers will be able to salary sacrifice some of their income into their super fund for a deposit.

Sounds a bit like the old labour scheme where they had a separate account, a savings account for first home buyers. But here, there's no separate account, you'd actually be paying it into your super account and then drawing it out and there's caps around that, there's only 15,000 you could put in per annum, maximum of 30,000 that you could actually accumulate under this scheme. The third measure was that home owners over 65, who downsize can add up to $300,000 extra into super from the sale of their home. Now the details of all of those measures, we'll have to wait and see how they're designed and what the law looks like, but on the face of it, you'd say they all sound as though they're positive and the government has heard very clearly the issue about housing affordability and also the issue about elder Australians being locked into an asset that they can't really get out of, because it's going to trigger their loss of the pension or something, because they’re cashed up.

Some of those things are mixed up together, but whether it actually changes housing affordability or not alone, I'd say it's not gonna make much of a difference. Because at the end of the day, the housing affordability, as we've said in our pre-budget submission, is really one of supply and it's a common wealth, it's a shared common wealth and stake problem. The budget talks about the federal government will work closer with the states to help free up supply. Certainly, I think that's going to be, well, there's no silver bullet to housing affordability in Australia. That is the major issue that needs to be addressed in Australia.

Stuart Dignam: And it's not talked about a lot, but in terms of freeing up supply, the idea of older Australians being able to downsize and therefore freeing up larger homes, kind of closer to the centre of the city that might also be closer to good schools, you know, enough bedrooms for the kids. That might go some way to addressing some of those issues too, right?

Paul Drum: Well I think it does, but again it'll depend on how it's designed. I'd like to see the rollout of the, from policy to law, to implementation, to see whether that will make a difference. Whatever we're talking about here, Stuart, there's gonna be a time lag. These are not things that are gonna happen instantaneous. You think about the law development and the consultation that would go into that. Then the older Australians learning about what this initiative promises and then getting advice on whether this is for them or not, making a decision. These are things that could be some years down the track before we even saw any outcome from them.

Stuart Dignam: And there's you know, the usual horse-trading that goes on to get legislation passed and so on.

Paul Drum: Yeah, certainly, and some of those homeowners should be going to see their financial planner to make sure that what they're doing is the most appropriate thing, taking into account their health, their age, their other assets, their accessibility to healthcare cards, senior cards and the pension.

Stuart Dignam: Let's talk about some of the surprises and maybe some unintended consequences that came from budget 2017. For me, one of the biggest surprises was the banks and the six billion dollar slug on the banks. They certainly didn't seem to have any concept that this would be coming and there's all sorts of tales of woe, of what's going to happen and who's going to pay. What's your take on all of that?

Paul Drum: Well I think, strategically, the government is probably slapping itself on the back that this is a master stroke, Stuart. There's not always a lot of love from the Australian public for the banks, the four major banks, and the others more generally. But the four major banks, the ones that have been identified that are gonna be at the brunt of this new six percent levy. And so I think the government would be saying, there's not a lot of votes we're gonna lose in a measure like this. We're not hitting families, we're not hitting the workers. We haven't put up the cost of living for them and yes, the banks have got deep enough pockets and perhaps they should be making a greater contribution to society, and this is one way of doing it.

But having said that, while the levy is on the bank, our concern is, what is to stop the bank from passing that on by a way of higher fees and charges to its actual customers. And certainly, I think any share holder in the banks would be expecting that they would be looking to pass it on or to ameliorate it in some way, rather than wear it, because at the end of the day, higher costs and charges for the bank are gonna transfer to lesser dividends, I guess, for shareholders. Whether those shares are held in someone's superannuation fund, their manage fund or just held, no matter how they're held. Potentially, lower dividends.

Given the bank's obligation to shareholders, to create value for them, I think they will be looking at whether they can pass it on. I don't think we would see legislation to say that the banks are unable to pass it on. There's some other questions about the design of this as well, Stuart. For example, one thing that sprung to my mind when I was reading this was, is this new levy on a bank, is it actually tax deductible to the bank. Or is it in addition to their income tax? Again, that gets down to the actual design features and the law. It's one that, I know that the banks and the ABA will be monitoring closely and we'll be watching on with keen interest as well.

Stuart Dignam: Property asset valuation services. I've not seen too many people talking about this, but there has been some rather dramatic unfolding’s for those businesses in the budget.

Paul Drum: Yeah, certainly. Well, you know, Australia has quite a robust valuation industry and property asset valuation is a component of that. Certainly, I don't think, I think it was unexpected for them at least. I don't know whether there was consultation with them in advance. But those businesses, and they might be standalone business, that all they do is value property assets, so the building, the fixtures, the fittings, to determine depreciation schedules whenever a property is sold. You might get the valuer in to say what can I actually depreciate.

These are all important tax issues, but it would seem that on budget night, in one fell swoop, those business are put under risk and if they're relying solely on that, you'd say that this is gonna put a serious dent in their bottom line, because the government has said, for new properties bought, or I shouldn't say for new, for properties bought the day after the budget, that they're not going to allow depreciation on depreciable assets in these properties, unless the investor actually incurred the expense of buying those fixtures and fittings.

So, I think if it's brand new, the investor will be able to depreciate it, but it's really saying, if you bought something that's been partially depreciated, don't think you can have it revalued and keep on depreciating it for any properties bought from the day after the budget. So, again, we'll wait and see what the detail of that is, but that would be a surprise to the valuation services sector.

Stuart Dignam: Okay, there's a couple of other areas we could delve into, but I'm going to just give you a topic area, and just give me a quick response on each of these. Infrastructure.

Paul Drum: Infrastructure. Very, very important, we give it a thumbs up, there's a couple of things that really appeal to me. I mean it's so important for growing the economy and I think some of this touches on housing affordability. If I think of the inland rail] from Brisbane to Melbourne, I think that is a great thing. It's very important as an exporting country that we get our goods to market, to ports as quick as we can and as efficiently as we can and as cost effectively as we can. And so I think this provides a good alternative way of doing it. What they're proposing is that the trains will be able to carry double the load, go from Brisbane to Melbourne. Not that they have to, they could go one way or the other, depending on where they're starting from.

But to be able to do Brisbane to Melbourne in 24 hours, that will compete with road transport. It will take trucks off the road, some 200,000 movements of trucks on the road, which is a societal issue about health and safety of communities. So, it's a very important initiative for a growing economy, and if we don't have the right infrastructure, economies don't grow. It's very important for regional Australia as well for those affected areas. In particular the government's nominated, Stuart, Toowoomba, parks, Albury. Along the line, there's gonna be development, there's going to be an economic dividend. Not only from the investment, but from what we can actually do with that capital asset in the future. It's a very very good one.

Stuart Dignam: If our sustained three percent growth over the coming years, if this is gonna be realised, we're gonna have to be good or better at exporting so probably an integral part of that plan.

Paul Drum: Well you know part of it is it's not just the train line, it means that the ports will be, there's infrastructure and investment in the ports. Some criticism on budget night was, that there's not a lot of new stuff announced in the budget but I think for a government to commit or recommit to things that it's already announced and actually put money up, so we can actually see the detail, is a very fine thing indeed and good for the Australian economy and for Australian businesses.

Stuart Dignam: Good debt, bad debt. What's that?

Paul Drum: Well that's an interesting one. You know, the example that we've been using is, if you look at a household and the household is using its credit card to pay its electricity and its gas bill, you could say that's probably bad debt. Whereas if that same household is borrowing to pay, to buy a family home, or a more enduring asset, a business, something that they're gonna get a return on the investment, that's generally speaking good debt. Similarly, this discussion at the federal level is really about the same. Are we borrowing just to pay our operational and our weekly running cost?

In this case, it might be education, it might be health. Under this good debt, bad debt pejorative kind of expression, many would say that's bad debt. I would say it's less desirable for the same reasons, that paying utilities in the family home on your credit card is not a great sustainable way of going about it. And good debt is something that where you get an actually enduring benefit, that you get a capital asset for example and that you will get a return on that overtime.

So, I think that these expressions have crept into common discussion and the conversation of recent times. They are in danger of derailing the seriousness nature of the budget and also just debt in particular so, I guess that's what it's about. We would hope that those expressions don't taint some things that are very essential. For example, we want good education, we want the best health in the world and we want good age care. To say that it's bad debt, just because we're funding these social goods and social necessities, I really think is casting a dark shadow, an inappropriate shadow over these important services that we expect from our governments.

Stuart Dignam: Well we here in the policy team, we're very keen on innovation. Very keen on how we're gonna become the knowledge based economy that we all think we need to be. How has innovation faired in this budget?

Paul Drum: I think, we could talk a lot about innovation Stuart, but perhaps if I catch it in the context of innovation and small business and the other thing that struck me, I guess, when I was looking at the budget papers was, what was in the budget to encourage small business to use, for example, social media or the digital economy or the internet, to grow their businesses or to actually just undertake sales, whether domestically or internationally. And you know, our Asia-pacific, small business survey, which is in its seventh year, demonstrated yet again that Australian businesses in the main are very reluctant to adopt and are not indicating they have any intention to adopt social media or the internet to increase their sales and grow their business.

You can compare in contrast the results from our survey with our Asian competitor countries, or I often they say, our neighbours, and our competitors and our trading partners, we are a long way behind all of the other Asian countries, whether emerging or more established. And certainly, if we're going to create jobs in Australia and if we're going to grow our small business sectors and enable some of those small businesses go from good to great and become tomorrow's leading businesses, I think that the government missed opportunity in this budget, it doesn't mean that it's gone forever, but we would have liked to have seen a little bit more of the government, encouraging small business for the uptake of these, you know, the digital economy and the opportunities that provides.

Now certainly, there's two elements to this, I guess. One is the connectivity. So the government commits in the budget paper to the role out of the NBN and talks about by the end of this year, over half of all Australians will have access to the new NBN. But we know that in rural regional Australia there are still internet black spots. NBN or no NBN. So, one of it's about the connectivity, and the second is about having the skills, and the wherewithal about how to go about connecting to the world, and connecting a business to the world, and being able to trade on these global platforms. And I think there's an education role there for government, that small business can't do it all themselves and it would have been nice to see something on that on budget night.

Stuart Dignam: Okay. Let's finish with your general views of how things went down in the corridors of power in Canberra, you were there. I saw you schmoozing with the revenue minister's office and Richard Di Natale was bending your ear at one point. The AMA was there, everybody else. What's the sort of mood, the vibe around the nature and the characterisation of this second Scott Morrison budget?

Paul Drum: I guess my key observation on the federal budget this year is that, if a measure of a good budget, if the success of a budget to a government, to a treasurer and a prime minister for example, is the amount of criticism you get. Low criticism, successful budget, high criticism, not a good budget. I think that this budget is less objectionable and there has been less criticism about this, than perhaps some of the budgets that we've seen over the last couple of years. Now, you might, some of that is about the tone in which it's presented. I think the government, they're always very careful at choosing their words and how they express things. But you might recall, again, former treasurer, Joe Hockey and his doom and gloom budget.

That kind of set the mood and created a lot of pushback. There was some quite draconian cutback, you know, cutting measures there, expenditure cutting measures that were not well received. Here, we've got a more moderate tone, it's a positive tone. I know that it's a different economic time. And so there are, as they say, green shoots around the world of the global economic recovery. And our numbers and the recovery in Australia looks quite well, it's quite good as well.

So I think that and the fact that there are now big shocks for families in a economic, in a fiscal sense. There seems to be a responsible infrastructure program. I think overall, the noise and the complaints about this budget, by and large, were not that high so, an interesting time, certainly not in a pre-election goodies for everyone type budget. Certainly not a raise again type budget. Balanced, looks responsible and as some commentators pointed out, may have stolen some of labor's ground. Particularly taking the wind out of the Mediscare campaign, and certainly some of the other initiatives.

Stuart Dignam: Paul Drum, head of policy at CPA Australia, thank you.

Paul Drum: Thanks Stuart.

Stuart Dignam: And thank you for listening to this CPA Australia podcast. To download the transcript, access the show notes and find further resources on the 2017 budget, go to cpaaustralia.com.au/podcast/11

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